

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 IO-10 /110 W

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R 112025Z APR 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 7608

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

USDEL MTD GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT OF SPAIN 0815

E.O. 11652: N/A

TAGS: ETRD TD

SUBJ: GOTT AND TRADE ACT OF 1974

REF: (A) STATE 66602 (NOTAL); (B) STATE 66492;

(C) STATE 55671; (D) POS 496 (NOTAL)

SUMMARY

AMBASSADOR RECENTLY DISCUSSED U.S. TRADE ACT WITH MINISTER
IN MINISTRY OF EXTERNAL AFFAIRS, WHO SHOWED THOROUGH
KNOWLEDGE OF TRADE ISSUES AND OTHER NATIONS' GSP SCHEMES.
MINISTER REITERATED GOTT OBJECTIONS TO CARTEL PROVISIONS
IN TITLE V, AND ELABORATED ON OTHER GOTT CONCERNS ABOUT
THE TRADE ACT, SOME OF WHICH HAD ALREADY BEEN RAISED BY
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OTHER GOTT OFFICIALS (REF D). ONLY POSSIBLE STUMBLING

BLOCK EMBASSY FORESEES IN GSP IMPLEMENTATION FOR TRINIDAD (AND REST OF WEST INDIES) IS PREFERENTIAL TREATMENT PRESCRIBED BY CANADA-WEST INDIES TRADE AGREEMENT, ALTHOUGH THERE ARE REPORTS THIS AGREEMENT WILL BE RENEGOTIATED SOON.

END SUMMARY.

1. GREATLY APPRECIATE DEPARTMENT'S PROMPT AND THOROUGH RESPONSE (REF A) TO QUESTIONS ON TRADE ACT POSED BY GOTT OFFICIALS (REF D).

2. AMBASSADOR ACCOMPANIED BY ECON OFFICER RECENTLY CALLED ON MINISTER IN MINISTRY OF EXTERNAL AFFAIRS DR. CUTHBERT JOSEPH TO INFORM HIM THAT PRESIDENT HAD SIGNED EXECUTIVE ORDER DESIGNATING POTENTIAL BENEFICIARY COUNTRIES, AMONG THEM TRINIDAD AND TOBAGO, FOR GSP TREATMENT. DR. JOSEPH WAS REMARKABLY WELL-INFORMED ON TRADE ISSUES, AND HAD RECENTLY RETURNED FROM LOME WHERE HE SIGNED THE EC-ACP AGREEMENT ON BEHALF OF TRINIDAD. AMBASSADOR EMPHASIZED THAT USG IS ACTING RAPIDLY TO BRING ABOUT FULL IMPLEMENTATION OF TRADE ACT, INCLUDING MTN TALKS IN GENEVA, AND INDICATED THAT GSP SCHEME SHOULD BE IN OPERATION BY END OF THIS YEAR. EMBOFF POINTED OUT IMPORTANCE OF PERMANENT BENEFITS STEMMING FROM NEGOTIATING AUTHORITY GRANTED BY TRADE ACT, AND SAID THIS HAD BEEN OBSCURED SOMEWHAT BY CONTROVERSY OVER APPARENT OPEC EXCLUSION FROM GPS. MINISTER JOSEPH REMARKED THAT HE WAS PLEASED AT TRADE ACT'S PASSAGE AFTER MANY YEARS OF USG PROMISES, AND REITERATED GOTT'S VIEW THAT CARTEL EXCLUSION THREATS ARE DISCRIMINATORY AND HAVE NO PLACE IN TRADE LEGISLATION, AND SAID GOTT WAS DISAPPOINTED AT ITEMS MANDATORILY EXCLUDED FROM GSP TREATMENT. AMBASSADOR RESPONDED THAT USG IS MAKING EVERY EFFORT TO INCLUDE AS WIDE A RANGE OF PRODUCTS AS POSSIBLE, AND SAID THAT LIST BEING SUBMITTED TO INTERNATIONAL TRADE COMMISSION WILL BE SUBSTANTIALLY IMPROVEMENT ON EARLIER ILLUSTRATIVE LIST. OTHER PRINCIPAL POINTS MADE BY MINISTER FOLLOW.

3. DR. JOSEPH PROFESSED SURPRISE THAT USG HAD ISSUED EXECUTIVE ORDER INSTEAD OF WAITING FOR NATIONS TO ASK FOR BENEFICIARY STATUS, AND QUESTIONED WHETHER THIS LIMITED OFFICIAL USE

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WASN'T RUSE TO COVER FACT THAT MANY NATIONS--ESPECIALLY LATIN AMERICAON ONES--HAD SYMPATHIZED WITH VENEZUELA AND ECUADOR AND STRONGLY CRITICIZED TRADE ACT. AMBASSADOR RESPONDED THAT IN OUR ORIGINAL PRESENTATIONS TO THE GOTT FOLLOWING THE JANUARY 3 SIGNING OF THE TRADE ACT, WE HAD OUTLINED PROBABLY SCENARIO FOR TRADE ACT IMPLEMENTATION, INCLUDING USE OF EXECUTIVE ORDER. EMBOFF POINTED OUT THAT MOST LATIN AMERICAN NATIONS, INCLUDING TRINIDAD,

HAD SUBMITTED LISTS OF PRODUCTS FOR GSP CONSIDERATION,
AND THAT THIS ALONE CONSTITUTED AN EXPRESSION OF INTEREST
IN BENEFICIARY DESIGNATION.

4. CANADA-WESTINDIES TRADE AGREEMENT. MINISTER
QUESTIONED AMBASSADOR CLOSELY REGARDING REVERSE PRE-
FERENCES, STATING THAT THE EC-ACP AGREEMENT WOULD NOT
ELIMINATE PREFERENTIAL TREATMENT OF IMPORTS INTO THE
WEST INDIES FROM CANADA, NOT POSSIBLY FROM AUSTRIA
AND NEW ZEALAND. DR. JOSEPH REITERATED GOTT'S STRONG
OFFICIAL OPPOSITION TO REVERSE PREFERENCES, BUT SAID
THAT GOTT HAD PREVIOUSLY ACQUIESCED TO DESIRES OF SMALLER
WEST INDIAN TERRITORIES TO GRANT REVERSE PREFERENCES.
HE SAID HE DOUBTED THAT THESE PREFERENCES WILL BE
ELIMINATED BY JANUARY 1, 1976, AS REQUIRED BY U.S. TRADE
ACT. DRAWING UPON REF (C), AMBASSADOR RESPONDED THAT
USG HAS VERY LITTLE LEEWAY REGARDING REVERSE PREFERENCES,
OTHER THAN A FINDING THAT ACTION HAS BEEN TAKEN TO
ELIMINATE THE "SIGNIFICANT ADVERSE EFFECT ON UNITED STATES
COMMERCE" (SECTION 502 (B) (3) OF THE ACT), AND URGED
THE MINISTER THAT TRINIDAD TAKE THE LEAD IN BRINGING THE
PROBLEM OF THESE REMAINING PREFERENCES TO THE ATTENTION
OF THE OTHER WEST INDIAN GOVERNMENTS.

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5. SECTION 301 (A) (3). (SEE PARA 6, REF A) DR. JOSEPH MENTIONED PROVISIONS PREVIOUSLY CITED BY GOTT OFFICIALS WHICH REFER TO WITHDRAWING BENEFITS FROM COUNTRIES WHOSE SUBSIDIZED EXPORTS HAVE THE EFFECT OF SUBSTANTIALLY REDUCING SALES OF COMPETITIVE U.S. GOODS IN THIRD COUNTRIES. HE USED PETROCHEMICAL PRODUCTS AS AN EXAMPLE, AND AMBASSADOR ASSURED HIM THAT IF ANY PROBLEMS COME UP UNDER THIS SECTION, USG WOULD DOUBTLESS CONSIDER QUESTION ON A CASE-BY-CASE BASIS. (COMMENT: ALTHOUGH THE MINISTER DID NOT INDICATE THE TYPE OF SUBSIDY CONSIDERED, AND DESPITE FACT THAT WE HAVE NEVER HEARD GOTT SUGGEST IT MIGHT DO THIS, APPARENTLY WHAT DR. JOSEPH HAS IN MIND WOULD BE THE CASE OF GOTT CHARGING AN ARTIFICIALLY LOW PRICE FOR NATURAL GAS AND CRUDE OIL FEEDSTOCKS IN ORDER TO ENCOURAGE ESTABLISHMENT OF PETROCHEMICAL INDUSTRY.)
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6. USE OF DONOR COUNTRY CONTENT. ACCORDING TO DR. JOSEPH, THE EC-ACP AGREEMENT DOES ALLOW DONOR COUNTRY CONTENT TO BE INCLUDED AS BENEFICIARY COUNTRY VALUE ADDED (CONTRARY TO INFO PARA 5 REF A). EMBOFF NOTED THAT HE HAD NOT HAD OPPORTUNITY TO STUDY OTHER COUNTRIES' GPS SCHEMES, AND THAT ITEMS OF PRINCIPAL INTEREST TO TRINIDAD WITH REGARD TO DONOR COUNTRY CONTENT (GARMENTS, ELECTRONIC ITEMS, ETC.) WOULD NOT COME UNDER US GSP TREATMENT ANYWAY.

7. COMMENT: MINISTER JOSEPH'S KNOWLEDGE OF TRADE ISSUES AND VARIOUS GSP SCHEMES INDICATES THAT THE GOTT IS INDEED TAKING TRADE QUESTIONS VERY SERIOUSLY. WE BELIEVE THAT THE VARIOUS MATERIALS WE HAVE SENT TO GOTT OFFICIALS WORKING ON TRADE MATTERS HAVE BEEN EXTREMELY USEFUL, AND WILL CONTINUE CLOSE COORDINATION WITH THEM. (ONE GOTT OFFICIAL EVEN POINTED OUT THAT THE LIST WE GAVE HIM OF DESIGNATED BENEFICIARY COUNTRIES TOTALS ONLY 88, NOT 89 AS REPORTED IN OUR PRESS RELEASES.) A POTENTIALLY SERIOUS PROBLEM, HOWEVER, IS THAT OF REFERRED PREFERENCES UNDER THE CANADA-WEST INDIES TRADE AGREEMENT (AND POSSIBLY UNDER OTHER ARRANGEMENTS WITH AUSTRALIA AND NEW ZEALAND). THE ONLY INDICATION OF MOVEMENT ON THIS QUESTION WE HAVE SEEN WAS A MARCH 16 PRESS REPORT QUOTING CARICOM SECRETARY GENERAL ALISTAIR

MCINTYRE AS SAYING THAT THE CANADA-WEST INDIES TRADE
AGREEMENT IS CONTRARY TO THE LOME CONVENTION AND THAT
A NEW AGREEMENT WILL BE NEGOTIATED "MAYBE IN A MONTH
OR TWO". WOULD APPRECIATE WHATEVER INFORMATION THAT
INFO ADDRESSEES MAY HAVE ON RE-NEGOTIATION OF THIS
AGREEMENT.
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